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MEDIA RELEASE

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Report reveals gaps in BC's electricity export policy framework

If British Columbia ramps up production to become a major electricity exporter there is no guarantee the province will gain new market access, warns new research out today from the Pacific Institute for Climate Solutions (PICS).

The report, *The Export Question: Designing Policy for British Columbia Electricity Trade*, is an independent white paper for government from PICS, a collaboration of BC's four research-intensive universities hosted and led by the University of Victoria. The white paper examines both the opportunities and the risks that the expanded export of electricity presents for the province.

Lead author Dr. George Hoberg says the Clean Energy Act 2010 shifted BC's energy policy from self-sufficiency to a net export focus, and with major projects such as the Peace River Site C dam and transmission grid extensions now pending, BC citizens want to know the real costs and benefits. However, he says while electricity markets are expanding and opportunities clearly exist, the potential for BC energy exports are uncertain.

"The slow economic recovery is expected to continue dampening growth, along with electricity demand domestically and among United States' importing jurisdictions. We also need to be aware of the emerging 'renewable portfolio standards' (RPS) markets in the US that may use restrictive definitions of 'renewable' to exclude BC's hydro-electricity power," Hoberg says.

For example the report notes that the state with the largest potential market, California, currently defines "renewable" to exclude electricity obtained from large dams (greater than 30 MW), meaning that the overwhelming majority of BC's current supply mix, and planned schemes such as Site C, probably wouldn't qualify, despite hydro's reputation as a renewable energy. With California requiring 33 percent of its electricity to be renewable by 2020, if BC is to meet RPS rules it will need supply from eligible green energy projects, and increased transmission capacity.

According to Hoberg, "There are also significant gaps in the policy framework that threaten to jeopardize public confidence in the export strategy. There's no guarantee that ratepayers and taxpayers won't be subsidizing exports. And the planning process is not adequate to address the environmental and social risks of the project." The government could address these gaps by pursuing the following recommendations:

1. Specify, through regulation, that it will only authorize export development if there are net economic, social and environmental benefits to the province.
2. Institute mechanisms for revenue-sharing with local communities affected by large new energy development projects.
3. Set upper limits on the proportion of BC electricity that can be dedicated to the export market so that electricity exports do not jeopardize the reliability of domestic supply.
4. Make export contracts conditional on the importing jurisdiction having meaningful demand-side management (energy conservation and efficiency) to ensure overall GHG reductions.
5. Base all electricity exports on a planning and approval process that fosters public legitimacy and promotes environmental, social, and economic sustainability in BC.
6. Supplement province-wide long-term energy planning with a regional energy planning process to address the cumulative effects of multiple projects in the same region.

The white paper can be read at http://pics.uvic.ca/white_papers.php

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